



STATE BOARD OF EQUALIZATION

20 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)

(916) 445-4982

GEORGE R. REILLY  
First District, San Francisco

IRIS SANKEY  
Second District, San Diego

WILLIAM M. BENNETT  
Third District, San Rafael

RICHARD NEVINS  
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KENNETH CORY  
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DOUGLAS D. BELL  
Executive Secretary

January 20, 1978

No. 78/6

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 1

In compliance with your Legislative Committee's proposal that you be informed of the various property tax bills and amendments being proposed in the State Legislature, we submit to you those measures introduced or amended recently that have reached our office.

We are including only those bills or constitutional amendments that we feel are of importance to you as an assessor. Bills concerning the functions of the tax collector, auditor, and other county or special district officials will usually be excluded.

Copies of bills and amendments introduced may be obtained by placing orders with the Legislative Bill Room (State Capitol, Room 1149, Sacramento, 95814). Attached is a notice concerning the placement of such orders.

ASSEMBLY BILLS

No. 1 - January 5, 1978 (First Extraordinary Session)

An act to add Article 10 (commencing with Section 2330) to Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code, relating to taxation.

Existing law limits the maximum property tax rate which may be levied by local agencies, school districts, and community college districts.

This bill would require the reduction of property tax rates in proportion to an increase in the assessed valuation unless the local agency, school district, and community college district advertises its intent to exceed such rate in a newspaper of general circulation in the county.

This bill would provide that notwithstanding any other provision of law there shall be no reimbursement, claim or review nor any appropriation made by this bill.

The bill would become operative on July 1, 1979.

No. 5 - January 5, 1978 (First Extraordinary Session)

An act to amend Sections 20505 and 20561 of the Revenue and Taxation Code, relating to Homeowners and Renters Property Tax Assistance Law.

Under existing law, qualified persons 62 years of age or older may make claims for payments of state funds as assistance for property taxes on their homes or rented residences. The amount of such claims is based on household incomes and property taxes paid on their homes or a statutory property tax equivalent of \$220 with respect to rented residences.

ASSEMBLY BILLS (Contd.)No. 5 - (Contd.)

This bill proposed to extend these provisions to persons who are totally disabled.

This bill will apply to claims for assistance for the 1978-79 fiscal year and thereafter.

No. 6 - January 9, 1978 (First Extraordinary Session)

An act to amend Section 219 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

Existing law provides that for the 1974-1975 fiscal year and for the fiscal years thereafter, 50% of the assessed value of business inventories shall be exempt from property taxation.

This bill would provide that for 1974-1975 fiscal year and up to 1977-1978 fiscal year, inclusive, 50% of the assessed value of business inventories shall be exempt from taxation and that for the 1978-1979 fiscal year and fiscal years thereafter, 100% of the assessed value of business inventories shall be exempt from taxation.

Existing law continuously appropriates state funds to compensate local government for revenues lost by reason of the partial property tax exemption for business inventories.

This bill, providing for a 100% property tax exemption for business inventories, would appropriate a greater amount of state funds to compensate local governments for revenues lost by reason of the property tax exemption for business inventories.

No. 7 - January 10, 1978 (First Extraordinary Session)

An act to amend Sections 41814 and 84772 of, and to add Sections 41815 and 84773 to, the Education Code, to amend Section 16113 of, and to repeal Section 29100.5 of, the Government Code, and to amend Sections 219, 17063, 17687, 18161, 23151, 23400, 23401, 24378, and 24833 of, and to add Sections 17064.8, 17154.5, 18151, 18152, 18153, 18162, and 23401.1 to, and to repeal Sections 6354, 6359.4, 6395.5, 6383, 6395, 18152, and 18162.5 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would increase such exemption to 100% of the assessed value of business inventories on and after the 1978-79 fiscal year.

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill would increase the property tax exemption from business inventories, would affect the subventions to local agencies and would thus affect the continuing appropriation for such purpose. This bill would also limit the amount of such state subventions.

ASSEMBLY BILLS (Contd.)No. 7 - (Contd.)

Under existing law, "items of tax preference" are defined as excess investment interest, certain deductions for depreciation, depletion allowances, stock options, capital gains, and reserves for bad debts, as computed for purposes of the Personal Income Tax Law or the Bank and Corporation Tax Law. Under such laws, items of tax preference are not included for purposes of computing the normal taxes, but such items are subject under both laws to a special minimum tax. Personal income is taxed at graduated rates ranging from 0.5% to 5.5% of preference income. Bank and corporation preference income is taxed at 2.5% after a \$30,000 exclusion.

This bill would increase the bank and corporation tax rate on preference income to 4.5% and eliminate the \$30,000 exclusion. The bill would also add as an "item of tax preference" under both the personal and bank and corporation tax laws excessive intangible drilling and development costs of oil and gas wells.

Under existing law, a taxpayer is allowed a deduction for the depletion of mines in computing the regular taxes. The depletion allowance may be based on either the cost of the property or a percentage of the gross income of the property.

The depletion allowance is a variable percent of the gross income of the mines, depending upon the natural resource mined, excluding from such gross income an amount equal to certain rents and royalties.

This bill would limit the depletion allowance from mines to the adjusted cost of the taxpayer's interest in the property.

Existing tax laws permit expenditures for research and experimental expenditures to be totally deducted in the year in which they were paid or incurred.

This bill would require that such expenditures be capitalized and the deduction amortized over a period of years.

Under the California Personal Income Tax Law, specified percentages of the gains from the disposition of capital assets, as defined, are included in gross income, for purposes of computing taxable income. Such percentages are determined according to the length of time such capital asset was owned by the taxpayer prior to such disposition.

This bill would revise the method of computing the percentage of gain or loss from the disposition of capital gains which shall be included in income, and would authorize certain taxpayers to elect to exclude gain from the disposition of their residence from income, if the taxpayer owned such residence for 5 years or more at the time of such disposition.

The bill would take effect immediately as an urgency statute.

No. 24 - Amended January 9, 1978

An act to add ~~Article 8 (commencing with Section 24300)~~, to Chapter 3 of ~~Division 1 of Title 3 of the Government Code~~, amend Section 23344 of the Government Code, relating to county formation, and making an appropriation therefor.

Existing law provides a procedure, initiated by petition of registered electors, whereby hearings may be conducted and specified determinations made by a county formation review commission before elections on the questions of creation of a new county.

ASSEMBLY BILLS (Contd.)No. 24 - (Contd.)

Chapter 1247 of the Statutes of 1975 appropriated \$100,000 without regard to fiscal years, to be used by the State Controller to make loans, of up to \$100,000 to each county formation review commission, for the commissions' expenses.

This bill would appropriate an additional \$300,000 for such purposes.

No. 46 - Amended January 5, 1978

An act to add Sections 18613.1 and 18613.2 to the Health and Safety Code, to add Sections 109.7, 6012.8, 10771, and 11913 to the Revenue and Taxation Code, and to add Section 9108 to the Vehicle Code, relating to mobilehomes.

Existing law requires that mobilehomes shall be installed pursuant to specified regulations.

This bill would specify that the installation requirements for mobilehomes installed in any area shall not exceed such specified installation requirements of mobilehomes.

Existing Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted for such tax. The gross receipts from the sale or use of certain mobilehomes are subject to such tax, while, for the period ending December 31, 1977, 40% of the sale price of factory-built housing is deemed to be the taxable gross receipts from such transaction.

This bill would provide that any new mobilehome sold after its effective date which is installed for occupancy as a residence and is subject to taxation shall be subject to local property taxation and would specify that the sales tax on a mobilehome shall be computed on the cost of materials used while under construction and that the dealer, as defined, shall be consumer for such purposes.

Under existing law, a state vehicle license fee tax is imposed, at the rate of 2% of the market value of the vehicle, for the use of the state highways, which is in lieu of local property taxes. The market value of trailer coaches which must be moved under permit is determined according to a Statutory Depreciation Schedule.

This bill would exempt any mobilehome which must be moved under permit from such in-lieu tax if the mobilehome is installed for occupancy as a residence after a specified date, and would subject to local property taxation those mobilehomes exempted from such in-lieu tax.

Pursuant to the Documentary Transfer Tax Act, cities and counties are authorized to impose a tax on each deed, instrument, or writing by which any lands, tenements or other realty sold shall be conveyed.

This bill would specify that the purchaser of a new mobilehome which is sold and installed ~~or sold and reinstalled in another location~~ shall be subject to such tax, and would specify that mobilehomes held in the dealer's inventory shall be exempt from such tax.

Existing law requires payment of a vehicle registration fee for registering vehicles and mobilehomes, as required by law. This bill would exempt from such registration fee requirement any mobilehome which must be moved under permit which was installed for occupancy as a residence after a specified date.

ASSEMBLY BILLS (Contd.)No. 46 - (Contd.)

The bill further provides that neither appropriation is made nor obligation created for the reimbursement of any local agency for any costs incurred by it pursuant to the act.

This bill will become operative July 1, ~~1978~~ 1979.

No. 124 - Amended January 11, 1978

An act to add Sections ~~14007, 39620, and 39621~~ to 14008 and 39620 to, and to add and repeal Section 39621 of, the Education Code, relating to school finance, and making an appropriation therefor.

Under existing law, school district governing boards are generally required to maintain the property of the district using the general fund of the district therefor.

This bill would require the governing boards of elementary, high, and unified school districts to establish a "district safety and security account" in the general fund of the district for the purpose of complying with the California Occupational Safety and Health Act of 1973, for installing fire protection equipment or systems, for installing burglary or intrusion warning systems, or for site ~~preparation~~ preparation, ~~utility~~ utility hookup, and related costs for the installation of private mobilehome trailers at school sites for nonschool hour security purposes.

This bill would provide that if specified amounts per average daily attendance are deposited into the district safety and security account an additional apportionment of a specified amount per unit of average daily attendance would be made to the district for deposit into the account.

This bill would also increase by specified amounts the maximum basic amount per specified unit of statewide a.d.a. to be transferred from the General Fund to Section A of the State School Fund.

This bill would specify that no appropriation is made nor obligation created under this bill pursuant to Section 2231 of the Revenue and Taxation Code for a specified reason.

No. 130 - Amended January 3, 1978

An act to amend Section 228 of, and to add Part 5.8 (commencing with Section 11125) to Division 2 of, the Revenue and Taxation Code, and to amend Sections 9853, 9855, and 9860 of the Vehicle Code, relating to vessel taxes, and making an appropriation therefor.

Under existing law, undocumented vessels using the waters of this state are required to be registered and currently numbered. Such vessels of more than \$400 market value are generally subject to property taxation.

This bill would impose a tax for the privilege of operating vessels more than \$1,000 in value subject to registration upon the waters of this state, which would be in lieu of all taxes according to value levied for state or local purposes on vessels of a type subject to registration under the Vehicle Code. The bill would also increase the property tax exemption of vessels to vessels of market value of \$1,000 or less.

This bill would further specify that it does not apply to commercial and oceanographic research vessels, as defined. The bill would also increase application and certificate fees for specified vessels.

This bill would appropriate the revenues from such provisions for specified state and local purposes.

ASSEMBLY BILLS (Contd.)No. 1884 - Amended January 9, 1978

An act to amend Section 25806 of the Water Code, relating to irrigation district tax liens.

Existing law provides that irrigation district charges which have been added to an assessment are a lien on the land except where the real property involved has been transferred to a bona fide purchaser for value or if a lien of a bona fide encumbrance has attached prior to the date the first installment of such charges would become delinquent and provides alternate procedures to be followed in such cases.

This bill would provide that such charges may be added to an assessment upon the real property and are a lien on the real property.

The bill would also delete the 3-year time period for recording a certificate of amount due from the alternate procedure and the requirement that the certificate specify that the district has complied with specified provisions of law in the determination of the amount due.

The bill would provide that, notwithstanding Section 2231 of the Revenue and Taxation Code, there shall be no reimbursement pursuant to that section, nor appropriation made by this act for specified reasons.

No. 1900 - Amended January 5, 1978

An act to add Chapter 2.4 (commencing with Section 16125) to Part 1 of Division 4 of Title 2 of, to add Sections 29100.8 and 51245.5 to, and to add Title 7.9 (commencing with Section 68000) to, ~~and to add Section 51245.5 to,~~ the Government Code, and to add ~~Section 402.3~~ Sections 402.3 and 402.4 to the Revenue and Taxation Code, relating to agricultural lands, ~~and declaring the urgency thereof, to take effect immediately.~~

Existing law contains various provisions under which agricultural land may be enforceably restricted to agricultural, open-space and compatible uses and be taxed according to its value as restricted.

This bill would in part enact the Prime Agricultural Lands Preservation Act. The act would create, as an agency of the state, the Agricultural Resources Council, with specified membership. The council would be required to adopt and provide for each city and county advisory guidelines to assist such cities and counties in preparing local agricultural resources ~~program~~ programs, along with a map delineating the prime agricultural lands within each respective jurisdiction.

The bill would also provide that all lands designated as prime agricultural land in a local agricultural resources program which has been certified by the Agricultural Resources Council shall be deemed enforceably restricted within the meaning of the California Constitution.

The bill would also require that land so restricted by assessed for property taxation by the capitalization of income method based on restrictions imposed on the use of the land. It would also provide for reimbursement to local agencies for the loss in ad valorem property taxation, as defined, due to the restrictions placed on agricultural land under this bill.

The bill would also provide that there be no reimbursement for state-mandated local costs.

ASSEMBLY BILLS (Contd.)No. 1975 - Amended January 4, 1978

An act to add Section 11911.5 to the Revenue and Taxation Code, relating to documentary transfer taxes.

Pursuant to the Documentary Transfer Tax Act, cities and counties are authorized to impose a tax on each deed, instrument, or writing by which any lands, tenements or other realty sold shall be conveyed.

This bill would authorize counties to impose an additional tax, at an unspecified rate, on ~~each such~~ a deed, instrument, or writing by which ~~such property which~~ property, other than a specified single-family home, shall be conveyed, where such property is sold by the transferor of ~~such property shall be conveyed~~ within a year after acquiring such property by purchase.

No. 2023 - Amended January 9, 1978

An act to amend Sections 6443, 6501, ~~6550, 6570, and 6571~~ 6531, 6550, 6570, 6571, and 6631 of, to add Sections 6505 and 6530.5 of, and to repeal Section 6505 of, the Streets and Highways Code, relating to the Improvement Act of 1911, and declaring the urgency thereof, to take effect immediately.

(1) Under the Improvement Act of 1911, the treasurer is required to send a card, not later than April 1st and October 1st, to the owner of property for which assessments are delinquent stating the amount due and the date when payment is due from him on the assessment and stating that the payment is subject to penalty if not paid on or prior to the due date.

The bill would require the card to include, in English and Spanish in 14-point boldface type, stating that the property will be sold if the assessments are not paid and that the assessments are not related to property tax.

(2) Under the act, the treasurer is required to send a notice of sale to any owner of property to be sold for nonpayment of assessment.

The bill would require that the notice include, in English and Spanish in 14-point boldface type, a warning that the property will soon be sold unless payment is made. The telephone number of the foreclosure clerk at the treasurer's office would be included in the notice.

(3) Under the act, the day specified in the notice of sale may not be less than 30 days from the date of the first publication of the notice. At least 15 days prior to the sale, the treasurer is required to send a copy of the notice to the bondholder and to the property owner as shown on the last equalized roll and the person to be shown as the owner on the next roll.

The bill would revise the above periods to 45 days and 30 days respectively.

The treasurer would be required to send, with the copy of the notice of sale, to the property owner and such person another notice in English and Spanish in 14-point boldface type, stating that the treasurer has arranged to sell the property at a specified date unless the delinquency debt is paid by that date. The telephone number of the foreclosure clerk would be included in the second notice.

(4) Under the act, the owner of any property sold for nonpayment of assessment may redeem the property within 12 months from the date of sale or before application by the purchaser for a deed.

The bill would require the treasurer, within 10 days of the issuance of a certificate of sale, to send by first-class mail to the owner of the property as shown on the last equalized assessment roll and the person to be shown as the owner on the next roll a notice, in English and Spanish in

ASSEMBLY BILLS (Contd.)No. 2023 - (Contd.)

14-point boldface type, stating that the property was sold for failure to pay for ~~street~~ the improvement, but that there is still at least 11 months to make the necessary payment to save the property. The telephone number of the foreclosure clerk would be included.

(5) Under the act, redemption of property may be made by payment to the treasurer of an amount which, among other things, includes the purchase money.

The bill would require the amount for redemption to include, among other things, the amount due on the bond rather than the purchase money.

(6) Under the act, the purchaser of the property is required, at least 30 days prior to the expiration of the time of redemption or 30 days before his application for a deed, to request the treasurer to send, by certified mail, to the property owner a notice stating the intention of the purchaser to apply for a deed. The treasurer is required to mail or post the notice by such 30-day period.

The bill would increase the above periods from 30 days to 60 days.

The bill would also require the notice to state, in English and Spanish in 14-point boldface type, that the property has been sold, but may be saved by paying what is owed by a specified date. The notice would include the telephone number of the foreclosure clerk.

~~(6)~~ (7) Under the act, the purchaser, within 60 days of the purchase of property for delinquency, may send to the person to whom the property is assessed for taxation as shown on the last equalized assessment roll and to the legal owner as shown in the recorded deed a copy of the certificate of sale by registered mail. If a copy is so sent, no action may be commenced to attack the validity of the sale after 1 year of the date of sale.

The bill would require that the copy of certificate of sale be sent by first-class mail also and would bar any such action 1 year after the date of mailing the copy. The bill would require that a notice be sent also. The notice would be in English and Spanish in 14-point boldface type stating that the property has been sold for nonpayment of assessments and that the validity may be contested within 1 year of the date of the mailing of the notice.

~~(7)~~ (8) Under the act, any action contesting the validity of a deed issued for the purchase of property because of nonpayment of assessment, or the validity of the proceedings subsequent to the issuance of the certificate of sale, is required to be brought within 6 months after the issuance of the deed.

The bill would extend the above period to 12 months.

(9) Under the act, the treasurer is required to reinstate any delinquent bond upon payment to him of all principal and interest coupons delinquent at the time of reinstatement together with enumerated penalties and costs.

The bill would authorize the treasurer also to collect \$3 for ascertainment of the name and address of the property owner in such a case.

~~(8)~~ (10) The bill would provide that neither appropriation is made nor obligation created for reimbursement of any local agency for any costs incurred by it pursuant to this bill.

~~(9)~~ (11) The bill would take effect immediately as an urgency statute.



ASSEMBLY BILLS (Contd.)No. 2077 - January 3, 1978

An act to amend Section 41201 of the Education Code relating to school districts, and declaring the urgency thereof, to take effect immediately.

Existing law provides that any state entity which allocates funds to any school district on the basis of the assessed valuation of property within the district, or which makes any computation on that basis for school building fund repayment purposes, shall adjust the assessed valuation used in making computations to conform to the statewide average. The State Board of Equalization is required to formulate factors to be used for this purpose and transmit them to the Superintendent of Public Instruction on or before October 1st of each year. Also, if the factor for the current fiscal year is not provided to the county superintendent of schools by the fifth working day of August, a preliminary factor may be used.

This bill instead would require that whenever the factor for a school district is redetermined after July 1 of any fiscal year, the adjusted factor shall be used in the succeeding fiscal year for adjusting the district's state equalization aid entitlement.

The bill would also delete obsolete language relating to the three-year average factor for 1970 to 1973.

This bill would take effect immediately as an urgency statute.

No. 2084 - January 3, 1978

An act to add Article 10 (commencing with Section 2330) to Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code, relating to taxation.

Existing law limits the maximum property tax rate which may be levied by local agencies, school districts, and community college districts.

This bill would require the reduction of property tax rates in proportion to an increase in the assessed valuation unless the local agency, school district, and community college district advertises its intent to exceed such rate in a newspaper of general circulation in the county.

This bill would provide that notwithstanding any other provision of law there shall be no reimbursement, claim or review nor any appropriation made by this bill.

The bill would become operative on July 1, 1979.

No. 2085 - January 3, 1978

An act to amend Section 2610.5 of the Revenue and Taxation Code, relating to taxation.

Existing law provides that failure to receive a tax bill from the tax collector of each county does not relieve the fee owner from the liability to pay taxes owed or for penalties.

This bill would provide that no penalty shall be imposed if the tax collector does not mail the tax bill to the correct address.

No. 2113 - January 3, 1978

An act to add Section 40101.5 to the Health and Safety Code, relating to air pollution, and making an appropriation therefor.

Under existing law, the board of supervisors of a county in which a county air pollution control district is functioning may appropriate funds to a county district to be deposited in the treasury of the county district.

ASSEMBLY BILLS (Contd.)No. 2113 - (Contd.)

This bill would specifically authorize the board of supervisors of a county which is partly in a county district to levy an ad valorem property tax on taxable property, but excluding intangible personal property, within the county district to be paid to the county treasurer to the credit of the county district.

Existing law grants the homeowners' property tax exemption in the amount of \$7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing an additional property tax.

No. 2125 - January 4, 1978

An act to add Section 4675.1 to the Revenue and Taxation Code, relating to taxation.

Under existing law, any party of interest may file a claim for excess proceeds remaining after the sale of tax deeded property, and when more than 1 party of interest files a claim for the excess proceeds, the claimants are entitled to a hearing before the county board of supervisors to establish the priority and extent of their claims.

This bill would permit the county board of supervisors to authorize any county officers to perform on its behalf any act required or authorized to be performed by the board of supervisors which pertain to these claims.

No. 2130 - January 4, 1978

An act to amend Section 5021 of the Streets and Highways Code, relating to the Improvement Act of 1911, and declaring the urgency thereof, to take effect immediately.

Under existing provisions of the Improvement Act of 1911, owners of real property in an assessment district may be assessed for streets and other improvements in proportion to the estimated benefits. The term "owner" is defined for purposes of the Improvement Act of 1911 as the person owning the fee, or the person in whose name the legal title to the property appears, or the person in possession in certain circumstances.

This bill would revise the definition of "owner" for the purposes of the Improvement Act of 1911 to also include a person who holds a possessory interest in land.

This bill would take effect immediately as an urgency statute.

No. 2148 - January 5, 1978

An act to amend Sections 20542 and 20543 of, and to add Section 20545 to, the Revenue and Taxation Code, relating to property tax assistance.

Under existing law, the state makes property tax assistance payments to any qualified homeowner or renter, 62 years of age or older. With respect to persons owning their homes, such assistance is a specified percentage of the property taxes on the first \$8,500 of assessed value of their homes, which is determined according to graduated household income brackets.

ASSEMBLY BILLS (Contd.)No. 2148 - (Contd.)

This bill would provide for such payments to be made on a specified percentage of the property taxes on the first \$25,000 of assessed value of their homes and would require the Franchise Tax Board to annually recompute the household income brackets used in the computation of the percentage of taxes on which such assistance is based, according to a specified inflation adjustment factor.

No. 2149 - January 5, 1978

An act to amend Section 7149 of the Fish and Game Code, to amend Section 5011 of the Public Resources Code, as amended by Chapter 784 of the Statutes of 1977, to amend Sections 20504, 20514, 20561, 20585 and 20621 of the Revenue and Taxation Code, as added by Chapter 1242 of the Statutes of 1977, and to add Section 9313 to the Welfare and Institutions Code, relating to benefits for senior citizens.

Existing law, including the Senior Citizens Property Tax Assistance Law, bases eligibility for certain senior citizens benefits upon the total household income of all household members.

This bill would base eligibility for such benefits upon the total personal income of the recipient.

ASSEMBLY CONSTITUTIONAL AMENDMENTSNo. 14 - Amended January 9, 1978

Assembly Constitutional Amendment No. 14—A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding ~~Sections 95, and~~ Section 16 to, and to repeal Section 16 of, Article XIII thereof, relating to taxation.

The California Constitution provides for the establishment of county boards of equalization, mandates such boards to equalize the values of all property on the local assessment roll, with certain exceptions, and authorize county boards of supervisors to fix the compensation for members of the county boards of equalization and to provide for rules and procedures for such boards. The Legislature is mandated to provide for the membership of such boards and to provide a procedure by which two or more county boards of supervisors may jointly create one or more assessment appeals boards.

This measure would repeal such provisions and would mandate the Legislature to provide a system for determining protests by taxpayers of their property tax assessments and for equalizing assessments within a county.

No. 67 - January 3, 1978

Assembly Concurrent Resolution No. 67—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by repealing subdivision (k) of Section 3 of, by repealing Section 25 of, Article XIII thereof, and by adding Article XIII A thereto, relating to taxation.

Existing provisions of the California Constitution exempt \$7,000 of the full value of a dwelling occupied by an owner as his principal residence from taxation, authorize the Legislature to increase the amount of such exemption and require the Legislature to reimburse local governments for revenues lost because of such tax exemption.

ASSEMBLY CONSTITUTIONAL AMENDMENTS (Contd.)No. 67 - (Contd.)

This measure would repeal such provisions.

Existing provisions of the California Constitution provide that all property is taxable, with certain specified exemptions, which shall be assessed at the same percentage of fair market value and taxed in proportion to its full value. There is no limit on the amount of revenues which may be derived from the taxation of any property.

This measure would impose a limit on the amount of taxes which may be derived from the taxation of residential real property, as defined, and would authorize such limits to be exceeded in certain circumstances. This measure would also specify that the Legislature may authorize local agencies to impose any tax not otherwise prohibited.

SENATE BILLSNo. 1 - Amended January 10, 1978

An act to amend Sections 16120, 16121, 16122, 29100.6 and 29100.7 of, to add Section 16123 to, the Government Code, to amend Sections 109, 218, 253.5, 17041, ~~17053.5~~ 17062, 17062.1, 17204, and ~~19521~~ 20561 of, to add Sections 109.7, 2268, 2269, 2610.8, 6379, 10771, 17042.5, 18417 and ~~19353~~, 19353, and 25044 to, and to add Part 16 (commencing with Section 36001) to Division 2 of, and to repeal Sections ~~19508~~ and ~~19523.5~~ 219, 17053.5, and 20544 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

(1) Existing law authorizes homeowners to claim the homeowners' property tax exemption, which would continue in effect until such time as the eligibility is lost.

This bill would exempt a homeowner's dwelling, as defined, and would require that such homeowner submit to the assessor an affidavit giving specified information.

(2) Under existing law, the homeowners' property tax exemption is in the amount of \$1,750 of the assessed value of qualified dwellings, and the exemption is applied first to the structure and the excess, if any, is applied to the land on which the structure is located. State funds are continuously appropriated from the State General Fund to compensate local governments in full for revenues lost by reason of such exemption.

This bill would, instead, exempt a specified percentage of the assessed value of the dwelling, not to exceed \$25,000 of the assessed value of any dwelling for the 1978-79 fiscal year and fiscal years thereafter. Claims for reimbursements for property tax losses caused by such exemption would be limited to the amount of revenue losses for the 1978-79 fiscal year, adjusted by inflation and population change factors.

The bill would also provide that state reimbursements to local governmental entities for revenues lost by reason of the homeowners' property tax exemption would be paid from the Householders Reserve Fund, which the bill would create, instead of the state general fund, and would require the Controller to annually transfer to the new fund the amount presently paid in such reimbursements, as changed by the inflation adjustment factor. A specified portion of the money in such fund would be transferred to the

SENATE BILLS (Contd.)No. 1 - (Contd.)

Home Buyers Fund, created herein, and appropriated to the Controller to make loans to qualified home buyers.

(3) Under existing law, counties are required to mail a county tax bill or a copy thereof to each assessee or fee owner of property on the secured roll, except when the computation of taxes results in a zero amount.

This bill would require counties to mail a tax bill and copy thereof of 2 copies of such bill to the assessee or fee owner of property granted the homeowners' exemption, as well as a notice that a copy of such bill must be filed with the assessee's or owner's state personal income tax return.

(4) Under existing law, 50% of the assessed value of business inventories is exempted from property taxation.

This bill would establish the total exemption of business inventories from property taxation.

~~(4)~~ (5) Under existing law, with minor exceptions, the maximum basic property tax which a local agency may levy is the rate which the agency levied in either the 1971-72 fiscal year, at the option of the governing body; or an alternative method of determining the local agency's maximum rate may be used which takes into consideration increases in the cost of living and the local agency's population in excess of the increase in the local agency's assessed value.

This bill would provide that the maximum property tax rate which may be levied on residential property, as defined, by a local agency is the rate which produces the amount of property tax revenue which would be received by the agency in the 1977-78 fiscal year adjusted by a percentage equal to the percentage change in population of the agency and the percentage change in the cost of living.

~~(5)~~ (6) Existing law requires that all taxable property be assessed at the same percentage of fair market value.

This bill would provide that the assessed value of all residential property, as defined, shall not exceed the value at which such property would be assessed at for the 1977-78 fiscal year, adjusted by a percentage equal to the percentage change in population of the agency and the percentage change in the cost of living.

~~(6)~~ (7) Under the existing Personal Income Tax Law, the state imposes a graduated income tax on individuals according to 2 schedules, 1 for heads of households and 1 for other persons.

This bill would impose a 20% surtax on heads of households and other persons who were granted or qualified for the homeowners' property tax exemption during the taxable years, commencing with taxable years beginning after December 31, 1976. Revenues derived from the surtax, and certain general income tax revenues, with specified exemptions, would be transferred to the Householders Reserve Fund.

~~(7)~~ (8) Existing law requires persons with incomes above specified amounts to file personal income tax returns.

This bill would require the Franchise Tax Board to cause to be printed in a prominent place on appropriate returns a notice that a copy of the county tax bill must be included, but the failure to make such enclosure would not invalidate the return or cause the imposition of any penalty. Based on

SENATE BILLS (Contd.)No. 1 - (Contd.)

the information in the returns and on the county tax bills, the Franchise Tax Board would be required to report to the Legislature, as soon as is feasible, on any recommended changes in the surtax imposed on persons granted the homeowners' property tax exemption during the taxable year.

(8) (9) Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted from such tax. There is no provision exempting from such tax the sale of, or use of, trailer coaches which are used as the principal place of residence by the purchaser of such trailer coach.

Moreover, counties, cities, and the San Francisco Bay Area Rapid Transit District are authorized to impose local sales and use taxes in conformity with the state's taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities, but not the San Francisco Bay Area Rapid Transit District, for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would exempt from state and local sales and use taxes the gross receipts from, or the storage, use, or other consumption in this state of trailer coaches which are used as the principal place of residence by the purchaser of such trailer coach and which qualify for the homeowners' property tax exemption and would make the purchaser liable for the payment of tax measured by the sales price, if, after certifying in writing to a retailer that such trailer coach would be used in an exempt manner, the purchaser uses such trailer coach for a nonexempt purpose.

This bill also makes an appropriation in an unspecified amount to the Controller from the State General Fund to make the reimbursements to counties and cities specified in Section 2230 of the Revenue and Taxation Code.

(9) (10) Under the existing Personal Income Tax Law, a credit against income tax liability is granted to qualified renters in the amount of \$37. In the event that the amount of such credit exceeds a qualified renter's income tax liability, the excess is paid to him.

This bill proposes to ~~authorize such qualified renters to elect to apply such \$37 credit, or to apply a credit of an amount determined by multiplying the rent paid during the taxable year, not to exceed \$1,000, by a percentage specified according to the renters' adjusted gross income, ranging from 20% for renters with adjusted gross income not in excess of \$3,600 to 2% for renters whose adjusted gross income does not exceed \$8,500~~ repeal such personal income tax credit and to authorize renters to claim property tax assistance, based on income, according to the amount of property taxes which exceed a specified threshold amount.

(10) (11) Existing Personal Income Tax Law authorizes the deduction of certain taxes paid or accrued during the taxable year in computing taxable income.

This bill would specify that the tax imposed on property granted the homeowners' property tax exemption and imposed at the time of sale or conversion of use of such property may be deducted in computing taxable income.

SENATE BILLS (Contd.)No. 1 - (Contd.)

~~(11)~~ (12) Existing state law does not impose a tax on transfers of real property but authorizes counties and cities to impose such taxes.

This bill would impose a tax, commencing January 1, 1977, on property granted the homeowners' property tax exemption for the 1977-78 fiscal year or any subsequent fiscal year. Such tax would be imposed at the time of sale or conversion of use of such property. The tax would be administered by the State Board of Equalization and would be collected by county recorders.

~~(12)~~ (13) Existing law continuously appropriates money from the State General Fund to compensate local governments for property tax revenues lost by reason of the homeowners' property tax exemption.

This bill, by altering the amount of such exemption and method of computing reimbursements therefor, would also have the effect of changing the existing appropriation.

~~(13)~~ (14) This bill will become operative only if Senate Constitutional Amendment No. 1 of the 1977-78 Regular Session is approved by the voters and certain federal law is enacted; in which case, the bill would become operative as specified therein.

This bill would provide that the state will not reimburse any local agency for costs incurred by it under the bill.

Finally, this bill would take effect immediately as an urgency statute, but its operative effect would be contingent.

No. 1 - January 10, 1978 (First Extraordinary Session)

An act to amend Section 201 of the Revenue and Taxation Code, relating to taxation.

Existing law contains provisions which specify that all property in this state, not exempt under the laws of the United States or this state, is subject to taxation.

This bill would make nonsubstantive revisions to such provisions of existing law.

No. 2 - January 10, 1978 (First Extraordinary Session)

An act to add Chapter 9.8 (commencing with Section 8770) to Division 1 of Title 2 of the Government Code, and to add Section 2269 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

The existing law does not provide for a commission in the state government relating to tax reform.

This bill would establish a California Commission on Tax Reform consisting of 21 persons appointed as specified.

This bill would specify functions, duties and powers of such commission, including conducting hearings on tax reform and reporting the determinations of such hearings to the Legislature, and would continuously appropriate from the General Fund to such commission \$500,000 per fiscal year.

Existing law establishes certain limits on the property tax rate which local agencies may levy, with specified exceptions.

This bill would provide that local agencies may not increase property tax rates and assessments until on or after January 1, 1979, with certain exceptions.

SENATE BILLS (Contd.)No. 2 - Amended January 9, 1978

An act to ~~amend Sections 218, 2253, 2264, 2265, 17053.5, and 19523.5 of~~ to add Sections ~~2253.2, 2261 and 2263 to,~~ to add Part add Section 16120.1 to the Government Code, to amend Sections 218, 253.5, 255, 255.3, 275, 401.3, 619, 1603, 2192, 2264, 2265, 17053.5, and 20544 of, to add Sections 253.6, 255.05, 255.4, 401.6, 402.8, 602.1, 1603.5, 2187.5, 2261, 2263, to add Article 3.5 (commencing with Section 520) to Chapter 3 of Part 2 of Division 1 of, to add Part 10.6 (commencing with Section ~~20001~~ 20650) to Division 2 of, and to repeal Sections 2261, 2262, ~~2263.1,~~ 2263, 2263.1, 2263.2, 2266, and 2267 of, the Revenue and Taxation Code, and to amend Sections 12400 and 14150 of the Welfare and Institutions Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

(1) Existing law provides for the homeowners' property tax exemption in the amount of \$1,750 of the assessed value of qualified dwellings.

This bill would increase such exemption to \$2,500 of assessed value, commencing with the 1977-78 fiscal year.

(2) Under existing law, with minor exceptions, the maximum basic property tax which a local agency may levy is the rate which the agency levied in either the 1971-72 or the 1972-73 fiscal year, at the option of the governing body; or an alternative method of determining the local agency's maximum rate may be used which takes into consideration increases in the cost of living and the local agency's population in excess of the increase in the local agency's assessed value.

This bill would instead provide that the maximum property tax rate may be levied by a local agency is the rate which produces the amount of property tax revenue which, when added to the revenue from the unsecured roll, would be received by the agency in the current fiscal year if its last year's revenue were to change by a percentage equal to the percentage change in ~~population of the agency and the percentage change in the cost of living~~ gross national product deflator.

~~(4)~~ (3) Existing law authorizes a \$37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would change the amount of the credit or payment to ~~\$50 for those with adjusted gross income of \$10,000 or less and \$75 for those with adjusted gross income of \$10,001 or more~~ \$65, commencing with taxable years beginning after December 31, ~~1976~~ 1977.

~~(5)~~ (4) Under the existing Senior Citizens Property Tax Assistance Law, payment of state funds are made to renters 62 years of age or older on the basis of a percentage (determined by total household income) of a \$220 statutory property tax equivalent presumed to be paid by renters.

This bill would revise the schedule of benefits payable to such renters.

~~(6)~~ (5) Under existing law, specified property tax assistance payments of state funds are made to homeowners and renters who are 62 years of age or older.

This bill would provide for property tax assistance payments to any qualified homeowners, regardless of age, with regard to any fiscal year for which the claimant has not claimed assistance under the Senior Citizens Property Tax Assistance Law.



SENATE BILLS (Contd.)No. 2 - (Contd.)

~~(7)~~ (6) Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the Aged, Blind and Disabled and specified Medi-Cal programs.

This bill would alter counties' shares of such programs according to a formula.

~~(8)~~ (7) Existing law continuously appropriates money from the State General Fund to compensate local governmental entities for property tax revenues lost by reason of the homeowners' property tax exemption.

This bill, by increasing the amount of such exemption, would also have the effect of increasing the amount of such appropriation.

This bill would take effect immediately as an urgency statute.

No. 3 - January 10, 1978 (First Extraordinary Session)

An act to amend Section 16113 of the Government Code, to amend and repeal Section 219 of, and to add Section 219 to, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

Under existing law, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would increase such exemption in 5 equal increments, until 100% of the assessed value of business inventories is exempted from property taxation for the 1983-1984 fiscal year.

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill would increase the property tax exemption for business inventories, would affect the subventions to local agencies and would thus affect the continuing appropriation for such purpose. This bill would also limit the amount of such state subventions.

No. 4 - January 10, 1978 (First Extraordinary Session)

An act to amend Section 16113 of, to add Section 29100.5 to, and to repeal Section 29100.5 of, the Government Code, to amend Section 2229 of, and to amend, add, and repeal Section 219 of, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

Existing law exempts from property taxation 50% of the assessed value of business inventories.

This bill would exempt business inventories from taxation for the 1979-1980 fiscal year and fiscal years thereafter.

Under existing law, local agencies are reimbursed by the state for property tax losses due to the business inventory exemption. An amount sufficient to make such reimbursements is continuously appropriated from the General Fund to the Controller for such purpose. The Controller is mandated to reimburse local agencies pursuant to claims for such revenue losses which are submitted by each county auditor.

SENATE BILLS (Contd.)No. 4 - (Contd.)

This bill would limit the amount of tax revenue losses each county may claim to an amount not to exceed the amount of tax revenue losses claimed for the 1978-1979 fiscal year, adjusted by an inventory adjustment factor, as defined.

No. 5 - January 10, 1978 (First Extraordinary Session)

An act to amend Section 27421 of the Government Code, and to amend Sections 2264, 2265, 2305, 2306, 2307, 2308, 2309, 2325, 2325.1, 11401, 11403, 17053.5 and 38202 of, to add Sections 37, 253.6, 401.6, 1603.5, 2187.5, 2261, 2263, 2610.6, and 2615.6 to, to add Part 10.6 (commencing with Section 21000) to Division 2 of, to add Division 3 (commencing with Section 50000) to, and to repeal Sections 2261, 2262, 2263, 2263.1, 2263.2, 2266, and 2267 of, the Revenue and Taxation Code, relating to taxation.

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues.

The existing Homeowners and Renters Property Tax Assistance Law provides a system whereby persons 62 years of age or older are paid state funds according to a schedule based on their household incomes paid, or deemed to be paid on their homes. It also provides a program for the postponement of property taxes by homeowners 62 years of age and older based on a household income of \$20,000 or less, as adjusted by an inflation adjustment factor.

This bill would provide for property tax assistance payments to any qualified homeowner regardless of age based on 30% of the differential between the property taxes paid for the 1974-1975 fiscal year and the fiscal year for which assistance is claimed. Such assistance would be limited to \$1,000. The program would apply to claims for assistance for the 1978-1979, 1979-1980 and 1980-1981 fiscal years only.

Existing personal income tax law grants to qualified renters a refundable credit of \$37 against income tax liability.

This bill would increase the amount of such credit to \$90 for taxable years beginning after December 31, 1977, and ending before January 1, 1981.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California personal income and would provide for any excess revenues to be allocated for specified purposes.

The bill would specify that it does not mandate any costs to local agencies or school districts as a result of its provisions.

The local revenue limit provisions would only become operative if Senate Constitutional Amendment No. 6 of the 1977-78 Regular Session is approved by the voters.

No. 6 - January 10, 1977 (First Extraordinary Session)

An act to amend Section 27421 of the Government Code, to amend Sections 218, 275, 1603, 2264, 2265, 2305, 2306, 2307, 2308, 2309, 2325, 2325.1, 11401, 11403, 17053.5, 20505, 20544 and 38202 of, to add Sections 37, 253.6, 401.6, 402.8, 1603.5, 2187.5, 2261, 2263, 20505.1 and 20505.2 to, to add Article 10

SENATE BILLS (Contd.)No. 6 - (Contd.)

(commencing with Section 2350) to Chapter 3 of Part 4 of Division 1 of, to add Part 10.6 (commencing with Section 21000) of Division 2 of, to add Division 3 (commencing with Section 50000) of, and to repeal Sections 2261, 2262, 2263, 2263.1, 2263.2, 2266, and 2267 of, the Revenue and Taxation Code, and to amend Sections 12400 and 14150 of the Welfare and Institutions Code, relating to taxation.

Under existing law, all taxable property on the secured roll is subject to taxation at the same rate, while property on the unsecured roll is subject to taxation at the rate applied to the secured roll for the prior fiscal year, and the first \$7,000 of the full value of an owner-occupied dwelling is exempted from taxation.

This bill would provide for the taxation of owner-occupied dwellings at a different rate than other taxable property, and would authorize an exemption from taxation of \$3,000 of the value of an owner-occupied dwelling, in addition to the existing \$7,000 exemption.

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill specifies that notwithstanding such statutory continuous appropriation, no appropriation shall be made by this bill and amendments necessary to reimburse local governments for revenue losses from such exemption shall be appropriated annually in the Budget Act.

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues.

Existing law authorizes a \$37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would change the amount of the credit or payment to \$75, commencing with taxable years beginning after December 31, 1977.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters.

This bill would extend such benefits to totally disabled persons, and would revise the schedule of benefits payable to renters.

This bill would also authorize a state credit with respect to property taxes on any owner-occupied dwelling, as defined, equal to \$150 minus certain tax reductions.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California personal income, as estimated in the Governor's budget.

Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the aged, blind and disabled and specified Medi-Cal programs.

SENATE BILLS (Contd.)No. 6 - (Contd.)

This bill would alter counties' shares of such programs according to a formula.

No. 7 - January 10, 1978 (First Extraordinary Session)

An act to amend Section 17910 of, and to add Section 17910.1 to, the Education Code, to amend Section 16113 of, and to repeal Section 29100.5 of, the Government Code, to amend Sections 219, 17063, 17687, 18161, 23151, 23400, 23401, 24378 and 24833 of, to add Sections 17064.8, 17154.5, 23181, and 23401.1 to, to repeal Sections 6354, 6359.4, 6359.5, 6383, and 6395 of, and to repeal Article 3 (commencing with Section 22181) to Chapter 2 of Part 11 of Division 2 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would exempt 100% of the assessed value of business inventories from property taxation for the 1978-79 fiscal year and fiscal years thereafter, and would provide that such property shall not be assessed after June 30, 1978.

Under existing law, local agencies, school districts, special districts and community college districts receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill would increase the property tax exemption for business inventories, would affect the subventions to such agencies and would thus affect the continuing appropriation for such purpose. This bill would also change the amount of such state subventions based on an inventory tax factor.

Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted from such tax.

Moreover, counties, cities, and certain transit districts are authorized to impose local sales and use taxes in conformity with the state's taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

This bill would eliminate the exemptions on various items, such as gold and silver bullion, presently exempted under the Sales and Use Tax Law, thus subjecting such items to sales and use tax.

Under existing law, "items of tax preference" are defined as excess investment interest, certain deductions for depreciation, depletion allowances, stock options, capital gains, and reserves for bad debts, as computed for purposes of the Personal Income Tax Law or the Bank and Corporation Tax Law. Under such laws, items of tax preference are not included for purposes of computing the normal taxes, but such items are subject under both laws to a special minimum tax. Personal income is taxed at graduated rates ranging from 0.5% to 5.5% of preference income. Bank and corporation preference income is taxed at 2.5% after a \$30,000 exclusion.

SENATE BILLS (Contd.)No. 7 - (Contd.)

This bill would increase the bank and corporation tax rate on preference income to 4.5% and eliminate the \$30,000 exclusion. The bill would also add as an "item of tax preference" under both the personal and bank and corporation tax laws excessive intangible drilling and development costs of oil and gas wells.

Under existing law, a taxpayer is allowed a deduction for the depletion of mines in computing the regular taxes. The depletion allowance is a variable percent of the gross income of the mines, depending upon the natural resource mined, excluding from such gross income an amount equal to certain rents and royalties.

This bill would limit the depletion allowance for mines to the adjusted cost of the taxpayer's interest in the property.

This bill would become operative only if Senate Constitutional Amendment No. 6 of the 1977-1978 Regular Session is approved by the voters and the proposed constitutional amendment known as the "Jarvis-Gann Initiative" is rejected by the voters.

No. 1132 - Amended January 4, 1978

An act to amend ~~Sections 253.5~~ and Section 2255 of, and to add Section 2253.5 to, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

The existing law authorizes local agencies to claim reimbursement for costs incurred as the result of certain state programs, including a claim alleging an executive order has incorrectly specified that it does not involve any costs mandated by the state. If the Board of Control allows a claim, it is reported to the Legislature, and a local claims bill appropriating money to local agencies for such costs is introduced in each house for consideration.

This bill would allow local agencies to claim reimbursement for costs incurred as the result of legislation containing a waiver or statement that reimbursement of local agencies is not needed, and would continuously appropriate funds from the General Fund to the State Controller to pay claims approved by the Board of Control.

This bill would also appropriate a specified amount to the State Mandated Unit of the Department of Finance and to the Board of Control, for the administration of the provisions of this act.

No. 1306 - January 3, 1978

An act to amend Section 16113 of the Government Code, to amend and repeal Section 219 of, and to add Section 219 to, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

Under existing law, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would increase such exemption in 5 equal increments, until 100% of the assessed value of business inventories is exempted from property taxation for the 1983-1984 fiscal year.

January 20, 1978

SENATE BILLS (Contd.)No. 1306 - (Contd.)

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill would increase the property tax exemption for business inventories, would affect the subventions to local agencies and would thus affect the continuing appropriation for such purpose. This bill would also limit the amount of such state subventions.

No. 1315 - January 3, 1978

An act to amend Section 20583 of the Revenue and Taxation Code, and to repeal Section 16 of Chapter 1242 of the Statutes of 1977, relating to taxation, and making an appropriation therefor.

Existing law permits persons 62 years of age or older with household incomes of \$20,000 or less, as adjusted by an inflation adjustment factor, to apply to the Franchise Tax Board to postpone the property taxes, as defined, on specified types of owner-occupied dwellings for the 1977-78 fiscal year and fiscal years thereafter, if they have a 20% equity in such dwelling and a separate tax bill is received thereon.

This bill would make the owners of shares or membership interests in specified cooperative housing corporations eligible for such postponement.

The bill would appropriate an unspecified amount to the State Controller for allocation and disbursement to local agencies in reimbursement for their costs.

Sincerely,

*Jack F. Eisenlauer*

Jack F. Eisenlauer, Chief  
Assessment Standards Division

JFE:sk  
Enclosures

# NOTICE

Your attention is directed to Joint Rule 13 of the Legislature which provides that not more than one copy of any bill or other legislative publication, nor more than a combined total of 100 bills or other legislative publications during a session, shall be distributed free to any person, office or organization.

Should you need additional copies, the established bill prices are: 1 to 31 pages - 06¢; 32 pages and over - 12¢. May we ask your cooperation in the enforcement of this rule.

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